

MINUTES OF THE
COLONIAL PINE HILLS SANITARY DISTRICT
June 21, 2016

The Board of Trustees of the Colonial Pine Hills Sanitary District met on June 21, 2016 at the Whispering Pines Fire Hall. President Edward Mills called the meeting to order at 7:00 P.M. Those present were: Edward Mills, President; Donald Nolting, Vice-President; Gerald Burdick, Trustee; Katie Peterson, Trustee; and Peter Rausch, Trustee. Present also were Jim Martin, Manager; and Ted Schultz, Engineer. Also present in the audience was Tracy Hanson and Brady Gabel, both from Ketel, Thorstenson LLP and Jeannette Mills.

AGENDA:

Burdick made motion, seconded by Nolting, to approve tonight's agenda as written. The motion passed with a unanimous voice vote.

MINUTES:

Burdick made motion, seconded by Rausch to approve the minutes of the May 17, 2016 meeting as amended. Motion passed with unanimous voice vote.

AUDIT REPORT:

Tracy Hanson and Brady Gabel of Ketel, Thorstensen LLP presented the report for the bi-annual audit for fiscal years 2014 and 2015. Hanson explained the purpose of the audit, auditor's responsibility, management's responsibility and their opinion of the overall financial statements in accordance with generally accepted accounting principles. Gabel presented the overview and details of the financial reports; balance sheet, profit & loss, cash flow and long-term debt. After this review Hanson mentioned the material weaknesses found: 1) Small organizations such as the District regularly have the auditor draft the audited financial statements. This, technically, should be the responsibility of the District but since the District cannot be expected to have an accounting expert on staff, the Auditor does this task. 2) Again small organizations have the Auditor prepare and make material audit adjustments. This is the responsibility of the organization but small staff blocks this from happening. 3) Segregation of duties could be a problem. The organization should have multiple persons reviewing bank reconciliation statements and other financial items rather than a single person. This is a problem with small organizations and the District Manager does provide a copy of the bank reconciliation statement, bank statements and other financial documents to each Board member monthly for their review. Additionally the District requires two signatures on each check processed. All of these findings are repeats from the past several audits as they pertain to small organizations with limited staff. Hanson stated that our District is financially sound based on their findings. Once she was complete with her report, she opened the presentation for discussion from the Board. At this time Nolting made a motion, seconded by Peterson to accept the Audit Report as written. The motion passed by unanimous voice vote.

FINANCIAL REPORT:

The Financial Report for May was presented. Martin highlighted the cash position of the District. There being no further discussion or questions Burdick made a motion, seconded by Rausch, to approve the financial report. It passed by unanimous voice vote.

MANAGER'S REPORT:

The Manager's report for the month of May was presented. Martin reported the Croyle II pump and motor was installed and placed back in service on June 9th. It is operating normally.

Martin stated that our Attorney has drawn up an Ordinance for review that will prevent water users located within our District to hook-up to alternative water sources including Rapid City. After discussion concerning the wording of Ordinance 2016-1 Nolting made motion to approve the first reading with the second reading to be done at the July meeting after the Attorney has had the opportunity to review the concerned wording (inconsistent usage of the term 'landowner' and 'real property owner.' The motion was seconded by Rausch.

ORDINANCE No. 2016-1

AN ORDINANCE RESTRICTING CONNECTIONS TO ALTERNATIVE WATER SYSTEMS WITHIN THE BOUNDARIES OF COLONIAL PINE HILLS SANITARY DISTRICT

BE IT ORDAINED by the Colonial Pine Hills Sanitary District (District) that Pursuant to SDCL § 34A-5-29 an Ordinance restricting connections to alternative water systems within the boundaries of the Sanitary District be and is hereby adopted as follows:

I. Purpose Colonial Pine Hills Sanitary District in determining service, water resources, storage capacity, and distribution system has to project usage under long-term planning which includes analysis of the ability to pay back long-term debt. In order to secure Colonial Pine Hills Sanitary District's ability to maintain service in the area, pay for the storage and existing water system, and plan for long-term development and maintenance of the water system, it is necessary to prevent areas within the District from connecting to alternative water sources. Therefore, any land, building, structure, or water lines within the exterior boundaries of the District are hereby restricted as follows:

- A. Within the exterior boundaries of Colonial Pine Hills Sanitary District, no connection may be made to any water system not owned by the District. All landowners within the exterior boundaries of Colonial Pine Hills Sanitary District must hook up to the Colonial Pine Hills Sanitary District's Water System to obtain water unless granted an exception by the Sanitary District Board as allowed with the Sanitary District ordinances.
- B. Colonial Pine Hills Sanitary District Board may make an exception and permit a landowner to connect to an alternative water system provided the following conditions are met:
 1. There is not a District water main within 500 feet of the property line and it is deemed impractical by the District to extend the District's main or require the landowner to extend the main or a service line;

2. The connection to the alternative water source will not require a change of District boundaries;
 3. The landowner shall continue to pay all District's real property taxes due on land in the District;
 4. The real property owner will pay a one-time payment equal to ten years of the monthly minimum and of any surcharge currently imposed on District users for the purposes of maintaining the system or paying any system debt for each water connection on the property made to the alternative water service;
 5. The connection will be limited to that area that meets all the requirements of this section even if that area is less than the current existing legal description where the connection is taking place; and
 6. The District Board determines in its sole discretion allowing the connection is in the best interest of the District.
- C. Anyone seeking to connect to an alternative water system under this exception shall submit a written request to the Board providing information regarding where the connection will be located, what it will be used for, how much water will be used and the proposed dimensions and size of the connection, along with any other information requested by the District Manager. Accompanying the request for the exception will be a nonrefundable Five Hundred Dollar (\$500) permit fee to cover the District's costs to review the application.
- D. If a landowner shall violate this Ordinance, the landowner shall pay a penalty of \$500 and one tenth of the District's residential monthly minimum for every day the violation continues. If the landowner has not remedied the violation within 30 days of receiving notice of the violation, The District may enter onto the property and sever the connection to the alternative water source.
- E. Nothing within this Ordinance shall require the District to pay for improvements to its water system.
- F. This Ordinance shall not apply to restrictions of private wells that are controlled by Ordinance No. 2013-1.

Dated this ____ day of July, 2016

COLONIAL PINE HILLS SANITARY DISTRICT

President

ATTEST:

Finance Officer

(SEAL)

First Reading: _____

Second Reading: _____

Published: _____

Effective: _____

The first reading passed three to one (3-1) with Nolting, Peterson and Rausch voting yes and with Burdick voting no.

Martin then presented a Water Service Agreement between the District and Aspen Ridge Lawn & Landscaping, LLC for review. After discussion Nolting made motion, seconded by Rausch, to approve the agreement and to have Martin present it to Aspen Ridge. The motion passed by unanimous voice vote.

Martin reminded the Board that our Workman's Comp insurance policy is being dropped by our current carrier at the end of June and picked up by the South Dakota Municipal League on July 1st. The SDML requires that the Board pass a Resolution #452 that state that the District will follow the SDML rules, regulations and ordinances. Rausch made motion, seconded by Burdick to approve the SDML Resolution:

RESOLUTION
Member # 452

BE IT RESOLVED that the **COLONIAL PINE HILLS SANITARY DISTRICT** shall become a member of the SDML Workers' Compensation Fund effective **7/1/2016** or as soon thereafter as possible in accordance with the By-Laws dated as of January 1, 1987; and be it further resolved that this resolution is pursuant to SDCL 1-24, and the undersigned are hereby authorized to execute any and all documents necessary for the **COLONIAL PINE HILLS SANITARY DISTRICT** to participate in accordance with said By-Laws dated as of January 1, 1987, or as may be amended, and said By-Laws are incorporated by reference herein and a copy of said By-Laws and any amendments shall at all times be on file with the Special District Business Manager.

Dated this 21st day of June, 2016

Edward C. Mills, Title: Special District Chair
Jimmy L. Martin, Title: District Clerk

The motion passed by unanimous voice vote.

Martin mentioned a water leak on Kerry Drive was completed. The leak was caused by a plastic fitting on the curb stop valve. Two curb stops and valves were replaced. Martin also reported that a residence service line leak has been repaired on Dunsmore Road with some 75 feet of new line being installed. This leak had been ongoing for some time we think. There being no further discussion of the Manager's Report Peter made motion, seconded by Burdick to approve the report. The motion passed by voice vote.

OPERATOR'S REPORT:

Martin presented the Operator's report in the absence of Riker. We have gone from 83,000 gallons per day for the month of May to 106,000 gallons for the first eight days of June. This is because of the dry and hot weather. The Croyle II well is back on line after the installation of the new pump and motor. There being no questions Burdick made motion, seconded by Peterson, to accept the Operator's report. The motion passed by unanimous voice vote.

OLD BUSINESS:

1. Aspen Ridge Lawn & Landscaping LLC Agreement: Discussed under Manager's report, above
2. Schedule B1 & C Projects: Pinewood Pipeline and Croyle II Drainage. Martin stated he continues to receive complaints and questions regarding the restoration of the pipeline area along Dunsmore Road and Pinewood Drive. He stated that a person came out the first week in June and hand seeded the area using a neck strapped seeder. All the seed fell on dry ground with no attempt to rake the seed into the ground. Martin thinks it was a complete waste of time and money and that the only thing that will help is to bring in several loads of new topsoil, landscape and then seed and water the area. Engineer Schultz agreed. After further discussion, Burdick made a motion to bring in some 400 cubic yards of screened topsoil around the last week in August and re-landscape the affected area. Then around the first or second week of September we would re-seed the area. We would ask the residents to water the area and the District would give a discount to these residents on their water bill. Nolting made a second to the motion. The timeframe was chosen because of the current heat and dry weather we are having and the forecast reflects. Early September should be cooler and the grass should have a better chance. The motion passed by unanimous voice vote. Martin was directed to draft and mail out a letter to the individual residences telling them of this plan.
3. Croyle II Well: Discussed in Manager's and Operator's reports, above.
4. Office Building: Nolting shared a detailed drawing of the proposed office building along with two elevation drawings. The estimated materials cost is about \$18,000 plus electrical, plumbing, concrete, and septic system. Martin was asked to bring a cash flow estimate for the next few months to see if the District can go ahead with this project or whether we need to wait for the next budget year.

NEW BUSINESS:

1. Workman's Comp Resolution: Completed during Manager's report, above.
2. Water Connection Restrictions Ordinance: Completed during Manager's report, above.
3. Asphalt Work: Martin mentioned that he has three estimates on Asphalt work: 1) Repair of Okpealuk Court area where a leak was repaired last fall (\$2,705.31); 2) Repair of driveway at the Naylor well (\$918.37); and 3) the asphaltting of the driveway to the Whispering Pines Main well (\$4,811.44). The total cost is \$8,435.12. Burdick made motion, seconded by Nolting, to accept the estimates and get the work going. The motion passed by unanimous voice vote.
4. Audience's Comments: No comments were forthcoming.

There being no further discussion Rausch made motion at 8:50 PM, seconded by Peterson, to adjourn. The motion passed by voice vote.

Respectfully,

Jim Martin
Manager/Clerk